GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5177
ANSWERED ON:29.04.2005
FINANCIAL CRUNCH IN LIC
Jai Prakash Shri

Will the Minister of FINANCE be pleased to state:

(a) whether LIC is facing financial problems due to strict implementation by insurance Regulatory and Development Authority; and

(b) if so, the details thereof and amount of assistance provided to LIC during 2005-2006?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) and (b) The Life Insurance Corporation of India (LIC) is required to comply with the Solvency Margin Requirement prescribed under the Insurance Regulatory and Development Authority (IRDA) (Asset, Liabilities and Solvency Margin) Regulations, 2000. Looking to the difficulty in providing huge amount in one go, LIC was permitted by IRDA to comply with this requirement over a period of time. As on 31-3-2004, LIC has provided 110.7% of the Required Solvency Margin (RSM) as against the requirement of 150%. LIC has not asked for any assistance from the Government for the year 2005-2006 to meet its solvency requirement.